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For Israel, No Letup in the Pressure

JERUSALEM

With the hostage crisis in Beirut over, a troubled Israel is moving fast to tackle two crucial tasks that are affecting the course of relations with the U.S.

First, to mend and strengthen ties with Washington that came under strain during the hijacking crisis.

Second, to come to grips with an out-of-control economy that has become increasingly dependent on massive help from the U.S.

Nobody here is afraid that the U.S. is about to abandon Israel. There is confidence that American political realities would make that impossible. Still, there is evident concern among many Israelis over the misunderstood signals and poor communications between two closely linked nations during the 17-day hostage ordeal.

At the core of the problem: The fate of more than 700 prisoners, mostly Moslem Shiites, brought to Israel from southern Lebanon in April. Their freedom was the chief demand of the Arab hijackers.

Unspoken deal. Publicly, both the U.S. and Israel insisted there would be no "giving in to terrorism" or linkage between releasing hostages and prisoners. But privately, officials in both countries recognized the practical necessity of arranging an unspoken deal.

What created considerable high-level irritation in Washington and among the U.S. public was Israel's

apparent unwillingness—or inability—to accept anything less than a formal American request to free the Shiites.

Prompt release of 300 prisoners on July 3 and expected early freedom for the remainder—in continuation of a policy Israel insists had been adopted well before the hijacking—is viewed by many analysts here as a signal of Israel's determination to ease quickly any possible tensions with Washington.

Returning the detainees to Lebanon will mute U.S. complaints that bringing the Shiites into Israel was a violation of the Geneva Convention on treatment of people in occupied territories.

Other steps to assure smoother ties with the U.S. include plans for even greater sharing of intelligence data on terrorist movements and clear warnings to loose-lipped politicians to cease comments that irritate America.

Also, despite sizable misgivings, Israel is discussing with the U.S. peace initiatives involving talks among Jordan, Israel and Palestinians. This should be a plus for the Jewish state with the White House, which has thrown its weight behind the proposal.

Finally, Shimon Peres is pushing ahead with an austerity program that the Reagan administration has been demanding as a condition for greater American economic aid.

Harsh remedies. Tough measures just announced by the coalition government include wage ceilings, layoffs of government employees and spending cuts that Peres's critics contend will lower living standards as much as 30 percent.

The U.S., for its part, intends to provide Israel with 7.1 billion dollars in military and economic aid over the next two years to help boost productivity, pay foreign debts and curb an annual inflation rate that tops 400 percent.

With problems so varied and complex, the last thing Israel wants, or can afford, is estrangement from the United States.

By JEFF TRIMBLE